



January 3, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: **Initial Comments of Select Energy, Inc. pertaining to
D.T.E. 01-54 - Phase II of Competitive Market Initiatives**

Dear Secretary Cottrell:

In response to the Massachusetts Department of Telecommunications and Energy's ("Department") request for written comments on several key issues pertaining to D.T.E. 01-54 - Phase II of Competitive Market Initiatives, Select Energy, Inc., as a licensed competitive supplier, is pleased to provide the following initial comments to the Phase II Issues:

I. **Phase II Issues**

A. Should electric distribution companies perform the role of electricity brokers for their default service customers? If so, please discuss the implementation of a specific proposal, for example:

1. Should electric distribution companies participate in Internet-based auction processes to assist the movement of their default service customers to competitive suppliers?

No. Select does not advocate the use of an Internet-based auction mechanism to facilitate the movement of default service customers to competitive suppliers. An Internet-based auction would simply reduce retail electricity choice in Massachusetts to a non-descript, "commoditized" pricing process. A direct Internet-based auction would provide customers with no or limited opportunity to assess competing supplier brands, professional experience, the quality of customer care and support, and other related services. Conversely, Select strongly supports a competitive, market-based approach that encourages direct interaction between

customers and competitive suppliers.

2. Should electric distribution companies obtain direct authorizations (e.g., via telephone or return post card) to switch default service customers to competitive suppliers?

No. Select prefers to conduct its own sales and marketing outreach activities rather than be dependent on the effort, talent and time schedule of the electric distribution companies. Although direct authorizations by the LDCs may be an efficient method of encouraging default service customers to switch to competitive suppliers, Select would prefer to obtain a Customer Information List of qualified Default Service customers who actively seeking competitive electric supply service. The list should be routinely updated and provided to competitive suppliers on a quarterly basis.

3. Should distribution companies assign default service customers to competitive suppliers?

No. Select strongly disagrees with the concept of having the electric distribution companies assign default service customers to competitive suppliers. The “assignment” process assumes that all customers have equal or uniform value in the marketplace. Clearly, this is not the case. Moreover, Select views the customer assignment approach as being anti-competitive and a significant intrusion in its free market enterprise. Furthermore, Select is of the opinion that this approach fails to meet the legislative intent of providing customers with a genuine choice of competitive supplier. Select believes that an assignment method will create customer confusion and dissatisfaction.

Also, direct customer assignment is indifferent to important competitive supplier business concerns, i.e., supplier branding, customer credit and collection risks. customer care and support, etc.

B. Customer Enrollment:

1. Should customer account numbers be included on the Customer Information Lists? If so, please address how consumer protections against unauthorized enrollments can be maintained if account numbers are included on the Customer Information Lists.

Yes. Providing account numbers would streamline the enrollment process by relieving customers from gathering their account data (which can be significant for multiple location commercial or municipal customers) and would

reduce data errors and enrollment rejection rates. Regarding consumer protections, please refer to Select's response to Question B.2 below.

2. Should the first four characters of a customer's account name continue to be required for a successful enrollment of the customer? If so, please address how consumer protections against unauthorized enrollments can be maintained. Should this requirement differ among customer classes?

Select believes the existing fines, supplier license compliance requirements, and regulatory enforcement rules provide adequate consumer protection for the commercial and industrial market segments and therefore, the first four characters should not be required for a successful enrollment. Customers in these rate classes generally manage their supplier contracts very closely and would proactively report and resolve inappropriate enrollments. However, regarding the residential market segment and until a suitable alternative is implemented, the first four characters should continue to be required for a successful enrollment. Select believes an extra identifier or validation element of some type is appropriate consumer protection for the residential market.

C. Customer Information List Issues:

1. Should the Customer Information Lists be expanded to include information about the customers service delivery points?
Yes. The additional information pertaining to primary- or secondary-metered customers would prove most useful in verifying the accuracy of a customer's tariff rate, ensuring the appropriate pricing by the competitive supplier, and managing the loads on a monthly basis with the ISO.
2. Should the Customer Information Lists be expanded to include information about customers who receive generation service from competitive suppliers?
Yes. The Customer Information Lists should be expanded to include information about customers who are currently being supplied generation supply service from competitive suppliers. However, the list should not include the name of the competitive supplier.

D. Other Issues:

1. Should distribution companies use the Internet for the transmission of customer data between the companies and competitive suppliers? Please discuss any benefits and costs of Internet use.

Yes. Select strongly supports the transition from the existing (VAN) Value Added Network-based protocol that currently transmits all business transactions between the distribution companies and competitive suppliers to a standard Electronic Data Exchange and protocol process using an Internet EDI GISB (Gas Industry Standards Board) Electronic Delivery Mechanism. Select believes the cost savings can be significant since VAN charges are considered incremental and vary by the amount of data transmitted, while the Internet is a fixed cost. Most suppliers already pay and use the Internet for e-mail and other web-based applications and services. Also, Select recommends that each party be directly responsible for transaction transmission costs when they initiate a transaction.

An Internet-based mechanism for exchanging critical customer usage information is less expensive and more efficient than the current VAN data exchange system. The rapidly evolving electricity marketplace requires the use of new Internet-based technology to meet increasing customer demands.

On behalf of Select, I appreciate the opportunity to comment on the important retail electric market issues presented on D.T.E. Docket 01-54 - Phase II of Competitive Market Initiatives. Furthermore, Select looks forward to working with the Department and other parties to further enhance retail electric competition in the Commonwealth of Massachusetts.

Respectfully submitted,

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